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AA SE 28 Jan 59

US POLICY ON INDONESIA

I. General Considerations section recites need to prevent Communist takeover; PKI threat; power relationships of present triumvirate; the army's importance; economic problems; desirability of US neutrality in West Irian dispute.

II. Objectives

- A. Prevention of Commie control achieved by any means.
- B. Establishment of politically stable, economically viable and friendly nation.

III. Major policy Guidance

Many generalized recommendations, including:

- A. Employing all feasible means, including armed force, to prevent Commie control.
- B. Accept neutralist policy while seeking pro-West orientation.
- C. Encourage reconciliation of rebels and central government.
- D. Promote economic development.

IV. Estimated Cost of Proposed Policies

- A. Action pending on \$14.9 million augmentation of original \$7 million token military aid program of FY59.
- B. Probable size and content of future military assistance programs highly uncertain now, but may run at rate of \$10 million per year through FY62. *JCS have recently recommended to Defense Secretary that continuing aid program be on order of \$20 million a year.*
- C. Economic assistance through FY62 may total \$20-30 million.
- D. Total aid (mil, econ, tech assistance, info services, educ exchange) through FY62 may total \$109-124 million.

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